MONTANA DREDGE & ENGINEERING COMPANY

BIG FLAT CAMP

SUPERIOR, MONTANA

November 12, 1936

Dear Walter:

The inclosed is a letter to the stockholders, dad said your contribution could be in the form of bookwork. Thank heavens there isn't any mess like last year. Things are pretty well up. We closed camp Monday of this week--all but two of the boys left then. I'm in Missoula now getting the loose ends picked up and dad is in eastern Montana working with the stockholders there.

As soon as dad gets back in Missoula, we're going to Spokane and from there to Nelson--the other mine, and will be home in two or three weeks. The rest of the family are home. When we get back to Seattle, dad would like to have you check over the books, if possible.

Give Verna my regards.

Sincerely,

Thelma

MONTANA DREDGE & ENGINEERING COMPANY

BIG FLAT CAMP

SUPERIOR, MONTANA

October 31, 1936

To the Stockholders:

The manager of your company regrets to report that very little gravel was mined this year in the hydraulic operations; consequently, the recovery of gold only amounted to a few hundred dollars. Soon after operations began last spring, a bedrock reef was encountered and in order to keep the mine or bedrock flume on proper grade, a cut in which to lay the flume, had to be made through the reef. Cutting through this reef proved to be a long and expensive job, but it is now blasted through and the flume is completed up to the face of the pay gravel. The gravel bank is now exposed and carries good gold values throughout to a heighth of more than 12' above bedrock. Hand sluicing tests the past few days have made an actual average recovery of better than $1.00 per yard.

This has been another dry year, the water has been very low for the past three months and it is now freezing weather in this vicinity, with no prospects of a run of water this fall. This makes an unfortunate condition for us as it is impossible to move a substantial amount of gravel through the flumes with the amount of water now available, thus banishing all hopes of further recovery of gold this year.

We are now completing the installation of heavy and powerful equipment which we believe will be substantial to facilitate the handling of the rock and boulders in connection with the hydraulic operation. This, we believe, will give a daily capacity of approximately 3000 yards when the water is running a full head, which can always be depended upon for the first few months of each season. Based upon the recent tests made as above stated, the gold recovery should be at least $1.00 per yard.

Sufficient financial arrangements had not been made to carry thru this expensive "dead" work, but you can rest assured that the labor has done its part to complete this work, which now gives all the stockholders a bright future outlook. Therefore, in order to cooperate with the labor, to complete the installation of the above-mentioned necessary equipment, and to supply the camp with provisions for early spring operation--which must be done before the snow fall blocks our road--it is imperative that we have immediate finances, and in order to procure such necessary funds immediately, your Board of Directors concluded that a fair and equitable offer should be made to the stockholders, which offer is as follows;

(a) For whatever amount each of you subscribe to this fund, you will in turn, as security, receive this company's promissory note, bearing 6% interest per annum, payable on or before Nov. 1, 1937. These note issues will be limited to a total of $10,000.00.

(b) In addition, you will receive, gratis, one-half share of stock for each dollar subscribed. This gratis stock has been donated by one of the large stockholders and is limited to 5000 shares.

Some of the stockholders who have been in close touch with the property and the affairs of the company have already subscribed very substantially to this call and we trust that each of the stockholders will look upon this as a matter of business and not in respect of a donation. These notes are to be paid before dividends are declared.

As Manager of your company, I invite each and every stockholder to make a personal inspection of the property and verify the statements contained in this letter.

I beg to remain,

Faithfully yours,

MONTANA DREDGE & ENGINEERING CO.

G. L. Covington

G. L. Covington, Pres. and Manager

GLC:TC